STATE OF INDIANA

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IN THE MATTER OF THE COMMISSION INVESTIGATION AND GENERIC PROCEEDING OF RATES AND UNBUNDLED NETWORK ELEMENTS AND COLLOCATION FOR INDIANA BELL TELEPHONE COMPANY, INCORPORATED d/b/a SBC INDIANA PURSUANT TO THE TELECOMMUNICATIONS ACT OF 1996 AND RELATED INDIANA STATUTES

CAUSE NO. 42393

You are hereby notified that on this date the Indiana Utility Regulatory Commission ("Commission") makes the following entry in this Cause:

In a July 15, 2003 Docket Entry it was anticipated that the Commission might, following the Evidentiary Hearing in this Cause, issue various scenarios to the parties with changes to cost inputs that would result in different UNE rates. The purpose of this post-hearing Entry is to request that the parties input the various scenarios contained in Attachment 1 to this Entry and calculate the corresponding rates. In general, we believe that there are three cost studies: a cost study using LoopCat to determine recurring TELRIC costs for various loop elements, a cost study to determine nonrecurring TELRIC costs for various loop elements, and a cost study to determine the percentage of shared and common costs to be added to TELRIC costs to determine eventual TELRIC rates for various loop elements. Attachment 1 to this Entry provides scenarios for changes to the LoopCat and the shared and common cost studies, for which the parties should provide new rates. The resulting rates should be filed with the Commission on or before October 22, 2003, with service on all parties.

After examining the testimony presented, we believe Confidential Exhibit KAC-1R of the Responsive Testimony of Dr. Currie provides a good example of how such scenarios should be reported to the Commission with respect to changes to recurring TELRIC rates. Each column on the spreadsheet should have a different scenario with the dollar amount change in one column and the percent change in the next column. With respect to the reporting format for shared and common costs, parties should follow Attachment 4 (MS/WF-4) of the Responsive Testimony of Starkey/Fischer. Each scenario should have a different spreadsheet. Spreadsheets should be filed in PDF format and Excel format.

The scenarios will be used to ascertain the effect of a change in an input or group of inputs, and are not necessarily reflective of any final Commission determination.

If you have any questions regarding the scenarios, please email Joel Fishkin using the Commission email distribution list provided in this Cause, with email copies to all parties as has been done in other electronic communications in this Cause. Commission responses to questions about the scenarios will, likewise, be sent electronically to all parties.

As previously noted, this Cause has been continued to October 28, 2003, for the purpose of conducting a Technical Conference in the event that the parties cannot reach agreement on the resulting rates from the various scenarios presented in this Entry. The parties will need to explain the differences in the resulting rates at the Technical Conference.

IT IS SO ORDERED.

Larry S. Landis, Commissioner

William G. Divine, Administrative Law Judge

October 9, 2003
Date

Nancy E. Manley, Secretary to the Commission

Attachment 1

Scenarios for Recurring UNE Costs

Depreciation Senarios

Senario #1 (no need to run initially since this is SBC's proposal)

Switching equipment	10
Circuit Equipment	9
Metallic Cable (Aerial)	15
Metallic Cable (Underground)	15
Metallic Cable (Buried)	15
Non-Metallic Cable (Aerial)	20
Non-Metallic Cable (Underground)	20
Non-Metallic Cable (Buried)	20

Senario #2

Switching equipment	17
Circuit Equipment	10.5
Metallic Cable (Aerial)	23
Metallic Cable (Underground)	25
Metallic Cable (Buried)	23
Non-Metallic Cable (Aerial)	23
Non-Metallic Cable (Underground)	25
Non-Metallic Cable (Buried)	25

Senario #3

Switching equipment	13.5
Circuit Equipment	9.75
Metallic Cable (Aerial)	19
Metallic Cable (Underground)	20
Metallic Cable (Buried)	19
Non-Metallic Cable (Aerial)	21.5
Non-Metallic Cable (Underground)	22.5
Non-Metallic Cable (Buried)	22.5

Senario #4

Switching equipment	10
Circuit Equipment	10
Metallic Cable (Aerial)	15
Metallic Cable (Underground)	15
Metallic Cable (Buried)	15

Non-Metallic Cable (Aerial)	20
Non-Metallic Cable (Underground)	20
Non-Metallic Cable (Buried)	20

Cost of Capital

Scenario #5
Cost of Capital 7.52%

Scenario #6
Cost of Capital 8.33%

Scenario #7
Cost of Capital 9.66%

Scenario #7A
Cost of Capital 12.19% (no need to run initially since this is SBC's proposal)

Fill Factor

Scenario # 8
IURC Approved fill Cause No. 40611 – See Response Testimony of Starkey/Fischer p. 212

Scenario # 9
SBC Indiana Actual fill -- See Response Testimony of Starkey/Fischer p. 212 (no need to run initially)

Scenario # 10
SBC 1/99 ACAR fill -- See Response Testimony of Starkey/Fischer p. 212

Combination Scenarios

Scenario #11
Combine Scenario #2, #5, #10

Scenario # 12
Combine Scenario #1, #6, #10

Scenario #13
Combine Scenario #2, #6, #9,

Scenario #14
Combine Scenario #2, #7A, #9

Network Design

Scenario # 15
Eliminate Linear Loading Factors: Use the JAMS data as modified to determine the installation costs for items in the network. Installation times applied to the appropriate equipment sizes in LoopCAT.

Scenario # 16
Number of FDIs: Use the percent occurrence of FDI as found on page 103 of Pitkin/Turner Reply Testimony. Modification of cell "G41" in the "Expanded _Summary" in LoopCAT;

Scenario # 17
Adjust model to reflect the terminal equipment needs (NID) of Multiple Dwelling Units (MDUs): Use the distribution of NID and terminations as reflected in Figure 8 on page 108 of Pitkin/Turner Reply

Scenario # 18
Eliminate loops over 18,000 feet

Scenario # 19
Assume all 4-wire analog loops terminate at business locations

Scenario # 20A
Reduce the number of FDI terminations: Termination need to be changed to reflect the fill factor assumptions Pitkin/Turner, p. 120; run with Scenario #8 fill

Scenario # 20B
Reduce the number of FDI terminations: Termination need to be changed to reflect the fill factor assumptions Pitkin/Turner, p. 120; run with Scenario #9 fill

Scenario # 20C
Reduce the number of FDI terminations: Termination need to be changed to reflect the fill factor assumptions Pitkin/Turner, p. 120; run with Scenario #10 fill

Scenario # 21
DLC contract discounts: Additional 3% 9/1/2003 and 9/1/2004 Turner/Pitkin p. 126

Scenario # 22
Allocation of DLC cost to DSL service: Allocate 25% of the DLC costs to DSL services Turner/Pitkin p. 128

Scenario # 23

IDLC vs. UDLC: Assume 100% deployment of IDLC

Scenario # 24
Allocation of cost of shared DLC facilities on a space occupation basis on capacity (DS0): Modify the "DS-0 Channel Capacity" on the "Yearly_Input Worksheet of LoopCAT from 24 to 4. Pitkin/Turner, p. 140

Scenario # 25
Inclusion of Controlled Environmental Vaults (CEV): Increase the percentage of CEV as reflected in Figure 9 Pitkin/Turner page 143.

Scenario # 26
10% of all cable shifted to next largest size: page 151

Scenario # 27
Larger Size of Distribution Areas: Increase FDI to the next largest size. Figure 10 on page 148; Eliminate feeder stubs, add cable to the distribution cable length, page 150; 10% of all cable shifted to next largest size, Pitkin/Turner, page 151

Scenario # 28
Increase Termination equipment for business: Less use of 6-pair NID and move other to 25-pair terminal size. Pitkin/Turner, page 153

Scenario # 29
Combine Scenarios # 15 - ##30 with Scenario #8 fill factor

Scenario #29B
Combine Scenarios # 15 - ##30 with Scenario #9 fill factor

Scenario #29C
Combine Scenarios # 15 - ##30 with Scenario #10 fill factor

<u>Labor</u>
Scenario #30
Use CLEC Labor Rates

Scenario #30A
Only Eliminate inflation

Scenario #30 B
Only Eliminate Support Assets Factor

Scenario #30 C
Only Eliminate Special Payments Factor

Scenarios for Shared and Common Cost Study
Scenario #31

1. Remove the forward-looking adjustment from the Common cost denominator. (CLEC Adj. #1)
2. Use capital cost factors resulting from each of the Combination Scenarios above.
3. Remove the Transitional Benefit Obligation
4. Average the Pension Settlement Gains from 1994 through 2002 found in SBC's response to Joint CLEC MS-54. ($23,067,290)
5. Use the Avoided Wholesale Discount to adjust the common cost expenses (numerator) to remove costs attributable to retail.
6. Eliminate product advertising from marketing expense. Do not allocate UNE vs. other wholesale based on UNE Revenue.
7. Remove non-regulated portion of expenses and investment using the percentages from SBC's ARMIS 43-03 report filed with the FCC.
8. Incorporate Indiana portion of support asset costs recovered through NRC and ACF studies.

Scenario #32 (include TBO)

1. Remove the forward-looking adjustment from the Common cost denominator. (CLEC Adj. #1)
2. Use capital cost factors resulting from each of the Combination Scenarios above.
3. Include the Transitional Benefit Obligation
4. Average the Pension Settlement Gains from 1994 through 2002 found in SBC's response to Joint CLEC MS-54. ($23,067,290)
5. Use the Avoided Wholesale Discount to adjust the common cost expenses (numerator) to remove costs attributable to retail.
6. Eliminate product advertising from marketing expense. Do not allocate UNE vs. other wholesale based on UNE Revenue.
7. Remove non-regulated portion of expenses and investment using the percentages from SBC's ARMIS 43-03 report filed with the FCC.
8. Incorporate Indiana portion of support asset costs recovered through NRC and ACF studies.